

Under the Use Tax Act, a tax is imposed upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3. See 86 Ill. Adm. Code 150.101. (This is a GIL).

October 19, 2000

Dear Mr. Xxxxx:

This letter is in response to your letter dated September 28, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

Would you please send me a General Information Letter under your expedited procedures given that time is of the essence in the proposed transaction that is the subject of this letter.

My client is a resident of Illinois and not a resident of any other State in the United States (hereinafter 'Purchaser'). Purchaser plans to purchase and take possession of a watercraft in a State other than Illinois ('Foreign State') from a dealer located in the Foreign State. The dealer does not have nexus with Illinois. You may assume that Purchaser will pay Foreign State sales tax at a rate lower than the Illinois rate.

Purchaser plans to document the watercraft with the United States Coast Guard and to register the vessel with and in Foreign State. He will rent a slip for the vessel in Foreign State and use the vessel in Foreign State's waters until next Spring (i.e., more than 90 days from the date on which the purchase takes place) at which time he plans to have the vessel transferred to Illinois waters and make a change of registration from Foreign State to Illinois.

My question is whether any Illinois Use Tax (or any other tax) will be due at the time of making a mere change in registration from Foreign State to Illinois under the facts as set forth above.

Again, I would very much appreciate an expedited response to this request for a General Information Letter.

Under the Use Tax Act, a tax is imposed upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3. See 86 Ill. Adm. Code 150.101. In other words, the Use Tax applies when tangible personal property is purchased anywhere at retail from a retailer and brought into this State for use.

Form RUT-25, Use Tax Return, is used to remit Use Tax to the Department if a new or used motor vehicle, watercraft, or aircraft is purchased from an out-of-State retailer. In addition, the Use Tax does not apply to the use, in this State, of tangible personal property which is acquired outside this State by a nonresident individual who then brings the property to this State for use here, and who shall have used the property outside this State for at least 3 months before bringing the property to this State. See the enclosed copy of 86 Ill. Adm. Code 150.315.

Your client is a resident of Illinois. Therefore, your client cannot avail himself of the 3-month exemption, which is only available to nonresidents. Illinois will give a credit for taxes properly due and paid in another state. See 86 Ill. Adm. Code 150.310. In addition, depreciation is allowed for out-of-State use. See 86 Ill. Adm. Code 150.110.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.